

SERFF Tracking Number:	NAVG-125450013	State:	Arkansas
Filing Company:	Navigators Insurance Company	State Tracking Number:	EFT \$100
Company Tracking Number:	AE-R-108-AR		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1019 Professional Errors & Omissions Liability
Product Name:	A&E Rule Revision & Extended Reporting Period Rules/Rates		
Project Name/Number:	A&E Rule Revision & Extended Reporting Period Rules/Rates/AE-R-108-AR		

## Filing at a Glance

Company: Navigators Insurance Company

Product Name: A&E Rule Revision & Extended SERFF Tr Num: NAVG-125450013 State: Arkansas

Reporting Period Rules/Rates

TOI: 17.1 Other Liability - Claims Made Only

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 17.1019 Professional Errors &

Co Tr Num: AE-R-108-AR

State Status: Fees verified and received

Omissions Liability

Filing Type: Rate/Rule

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Author: Valerie Brink

Disposition Date: 02/11/2008

Date Submitted: 01/23/2008

Disposition Status: Filed

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: A&E Rule Revision & Extended Reporting Period Rules/Rates

Status of Filing in Domicile: Not Filed

Project Number: AE-R-108-AR

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 02/11/2008

State Status Changed: 02/11/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

This filing consists of rule revisions for our previously approved Architects & Engineers program and the new rates/rules for our previously filed Extended Reporting Period Endorsement. Please see the P&C Transmittal Document for more details.

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## Company and Contact

### Filing Contact Information

Valerie Brink, Compliance Analyst  
1375 E. WOODFIELD RD  
SCHAUMBURG, IL 60173

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(847) 285-9044 [Phone]  
(847) 230-1934[FAX]

### Filing Company Information

Navigators Insurance Company  
1375 E. Woodfield Rd.  
Schaumburg, IL 60173

CoCode: 42307  
Group Code: 510  
Group Name: Navigators Group, Inc.

State of Domicile: New York  
Company Type: P&C  
State ID Number:

(847) 285-9006 ext. [Phone]

FEIN Number: 13-3138390  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Navigators Insurance Company	\$100.00	01/23/2008	17631793

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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Filed	Edith Roberts	02/11/2008	02/11/2008

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## Disposition

Disposition Date: 02/11/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Rate Comparison	Filed	Yes
Rate	A&E Rate Filing 11-21-07	Filed	Yes

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## Rate Information

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>NAVG-125450013</i>	<i>State:</i>	<i>Arkansas</i>
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## Rate/Rule Schedule

<b>Review Status:</b>	<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action</b>	<b>Previous State Filing Attachments Number:</b>
Filed	A&E Rate Filing 11-21-07	Pages 1-9	Replacement	AE-AR-R-105 AE RATE FILING 11-21-07.pdf

**NAVIGATORS INSURANCE COMPANY  
ARCHITECTS/ENGINEERS PROFESSIONAL LIABILITY COVERAGES  
GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications, and territories for Professional Liability insurance for Architects and Engineers, Land Surveyors, Landscape Architects, Design/Build Firms, and miscellaneous design classifications.

**II. POLICY TERM**

Policies may be written for a term up to two years plus odd term not to exceed three months. If the original term is less than one year or greater than one year, the premium shall be prorated accordingly. For two year policies, the premium will be two times the annual premium for a single limit of insurance.

**III. PREMIUM COMPUTATION**

A. Compute the premium at policy inception using the rules, rates, and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates, and rating plans in effect.

B. Prorate the premium when a policy is issued for other than a whole year.

**IV. WHOLE DOLLAR RULE**

Where the result is not a whole dollar amount:

A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;

B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

**V. ADDITIONAL PREMIUM CHARGES**

A. Prorate or apply a separate premium charge for all changes requiring any additional premium.

B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Waive additional premium of \$15.00 or less. This waiver only applies to cash exchange due on an endorsement effective date.



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**VI. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the premium at the inception of the policy or endorsement period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when required for any coverage or exposure deletion or when an amount of insurance is reduced.

**VII. POLICY CANCELLATIONS**

- A. Compute return premium pro rata in accordance with the Whole Dollar Rule using the rules, rates, and rating plans in effect at the inception of this policy period, when:
  - 1. a policy is canceled at the Company's request;
  - 2. the Insured no longer has a financial or an insurable interest in operation that is the subject of insurance;
  - 3. a policy is canceled and rewritten in the same Company or Company group.
- B. If cancellation is for any other reason than stated in A. above, compute the return premium at .90 of the pro rata unearned premium for the one year period and round in accordance with the Whole Dollar Rule.
- C. If a policy is terminated for any reason other than non-payment of premium, one (1) year of Extended Reporting will be offered at 100% of the expiring annualized premium.

**VIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies issued with special restrictions or at increased premium will be permitted if:

- A. the Insured agrees in writing; or
- B. the policy would not be written otherwise.

**IX. COVERAGE OPTIONS**

- A. Project Insurance
  - 1. When a separate project policy is issued, a corresponding credit shall be allowed for adjustment in the total billings for the policy insuring the general practice of the same insured.
  - 2. a. Specific project excess limits within the first \$1,000,000 of limits shall be subject to a minimum premium of \$100 per \$100,000 of the amount of increased limit.
    - b. Specific project excess limits excess of the first \$1,000,000 of limits shall be subject to a minimum premium of \$2,500 per \$1,000,000 of increased limits.

**NAVIGATORS INSURANCE COMPANY  
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**B. Retroactive Coverage**

1. Subject to this Company's manual rules and underwriting guidelines, coverage may be extended to apply to acts happening prior to the inception date of the first policy issued by this company.

<u>Number of Years*</u>	<u>Factor Applied to Base Premium</u>
1	40%
2	70%
3	85%
4	95%
5	100%

\*Number of years, or portion thereof, prior to policy effective date.

**C. Practice Discontinuance, Retirement or "Run-Off" Coverage**

1. Coverage may be provided to retired professionals with respect to their prior acts.
2. Premium for such persons, who have been insured by this Company immediately prior to retirement, shall be as follows:

<u>Year</u>	<u>Premium</u>
1	90% of Final Year
2	75% of Final Year
3	60% of Final Year
4	50% of Final Year

3. Minimum annual policy premium shall be \$1,990.

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**X. BASE RATE ADJUSTMENTS**

**A. Project Debits**

<u>Project</u>	<u>Debit*</u>
Airport	Up to 25%
Amusement Rides/Amusement Parks/Waterslides	"
Bridges/Dams/Tunnels	"
Construction Values (excess of \$10,000,000)	"
Condominiums	"
Custom Single Family Dwellings	"
Educational Buildings	"
Equity Interest Projects	"
FHA or Other Subsidized Housing	"
Governmental	"
Hospitals/Medical	"
Hotels/Motels (High Rise)	"
Industrial	"
Jails/Prisons	"
Marine	"
Mass Transit	"
Parking Garages	"
Pipelines	"
Power Plants	"
Pre-Fabricated Buildings	"
Public Housing	"
Refineries	"
Religious	"
Sewage/Water Treatment Plants	"
Stadiums/Arenas	"
Swimming Pools/Playgrounds	"
Toxic or Hazardous Waste Systems	"
Utilities	"
*Maximum Aggregate Debit:	200%

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GENERAL RULES**

**B. Special Services Debits**

<u>Activity</u>	<u>Debit*</u>
Asbestos Related Services	Up to 100%
Construction, Fabrication, or Erection	"
Construction Observation, Inspection, or Certification Relative to Projects Designed by Others	"
Construction Supervising	"
Design of Scaffolding, Supporting, or Shoring	"
Environmental Audits, Assessments, or Site Surveys	"
Equipment Retrofitting	"
Hydrology/Water Studies	"
Machine, Equipment, or Product Design, Manufacture, Sale or Lease	"
Materials Testing/Handling	"
Percolation Testing	"
Pollution Control/Abatement Services	"
Precast, Prestressed, or Post-Tension Design	"
Real Estate Development	"
Rehabilitation/Restoration	"
Seismic Related Services	"
Site Design	"
Soils Analysis	"
Subsurface Soils Testing	"
Turnkey or Fast Track Projects or Design/Build	"
*Maximum Aggregate Debit:	200%

**C. Feasibility Study Credit**

If the applicant performs any feasibility studies, master plans, space planning, surveys, or reports not ultimately resulting in construction, a credit of 50% will be applied to the fees generated therefrom.

**D. Sublet or Subcontracted Work Credit**

If the applicant sublets or subcontracts any architectural, engineering, or surveying services and requires evidence of professional liability insurance, a credit of 50% will be applied to those billings related to sublet or subcontracted work.

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**E. Individual Risk Characteristics**

Internal loss control or loss prevention programs maintained within individual risks vary over a wide range. To reflect such diversities, the premiums may be modified based upon the following table to reflect individual risk characteristics:

<u>Individual Risk Characteristics</u>	Maximum	
	<u>Debit</u>	<u>Credit</u>
Qualification of Staff	10%	10%
Foreign Work	50%	50%
Internal Loss Prevention Program	N/A	25%
Contract Types	25%	25%
Other Insurance	10%	10%
Continuing Education	N/A	10%

**F. Individual Risk Rating Plan - Experience Modification**

The following ranges shall apply based on the number of years insured, the reliability of the claims data, the professional services rendered, prior work experience, claims frequency. Calculations for loss ratio shall be subject to a \$100,000 per claim maximum.

Loss Ratio			
<u>From</u>	<u>To</u>	<u>Debit</u>	<u>Credit</u>
0	10%	N/A	25%
11%	20%	N/A	20%
21%	30%	N/A	15%
31%	40%	N/A	10%
41%	50%	N/A	N/A
51%	60%	N/A	N/A
61%	70%	20%	N/A
71%	80%	30%	N/A
81%	90%	40%	N/A
91%	100%	50%	N/A
101%	Over	Up to 100%	N/A

**NAVIGATORS INSURANCE COMPANY  
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**XI. COVERAGE FOR FIRMS**

**A. Limits of Insurance**

1. Rates shown are for the minimum split limits offered.
2. Split Limits are available for those Insureds desiring both a per claim limit and a maximum aggregate limit. These limits are available for the following:

Limit		
Per Claim	Aggregate	Additional Premium
\$500,000	\$1,000,000	5%, subject \$250 minimum
\$1,000,000	\$2,000,000	5%, subject \$250 minimum
\$1,000,000	\$3,000,000	10%, subject \$500 minimum
\$1,000,000	\$4,000,000	15%, subject \$750 minimum
\$1,000,000	\$5,000,000	20%, subject \$1,000 minimum
\$2,000,000	\$3,000,000	5%, subject 250 minimum
\$2,000,000	\$4,000,000	10%, subject \$500 minimum
\$2,000,000	\$5,000,000	15%, subject \$750 minimum
\$3,000,000	\$4,000,000	5%, subject \$250 minimum
\$3,000,000	\$5,000,000	10%, subject \$500 minimum

**B. Minimum Premium**

The annual policy minimum premium shall be \$4,545 for Design/Build risks and \$2,275 for all other design classifications for the \$100,000/\$100,000 base limit of insurance. Minimum premiums of \$5,000 for Design/Build risks and \$2,500 for all other design classifications shall apply per \$1,000,000 of insurance for Per Claim Limits of Insurance greater than \$1,000,000.

**C. Premium Calculation**

1. The annual rates shown in the Basic Scale Rate section shall be applied to the annual billings of the Insured. Fluctuations in billings may be averaged for the periods listed in the application.
2. Premiums for Insureds having gross billings of \$5,000,000 or less shall be rated in accordance with the following:

**Basic Scale Rates**

The following rates contemplate a \$100,000 per claim/aggregate base limit of insurance subject to the base deductible. Scale rates will be applied to each \$100 of the applicant's ratable billings.

Policy Limit	Increased Limits Factors
\$100,000	
\$250,000	1.50
\$500,000	1.75
\$750,000	2.00
\$1,000,000	2.20
\$2,000,000	2.97
\$3,000,000	3.30
\$4,000,000	3.63
\$5,000,000	3.96

**NAVIGATORS INSURANCE COMPANY  
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Gross Fees

	Additional				Additional	Total
	Fees		Total Fees	Rate	Premium	Premium
		Up To	\$100,000	\$1.00	\$0	\$1,000
Next	\$150,000	Up To	\$250,000	\$0.75	\$1,125	\$2,125
Next	\$250,000	Up To	\$500,000	\$0.60	\$1,500	\$3,625
Next	\$300,000	Up To	\$800,000	\$0.50	\$1,500	\$5,125
Next	\$200,000	Up To	\$1,000,000	\$0.45	\$900	\$6,025
Next	\$1,000,000	Up To	\$2,000,000	\$0.40	\$4,000	\$10,025
Next	\$1,000,000	Up To	\$3,000,000	\$0.35	\$3,500	\$13,525
Next	\$2,000,000	Up To	\$5,000,000	\$0.25	\$5,000	\$18,525

Amounts excess of \$5,000,000 are on a submit basis only and are subject to (a) rating

3. Discipline Debits/Credits

Multi-discipline applicants will be composite rated based on percentage of fees by discipline.

Discipline	Debit	Credit
Architecture	N/A	N/A
Civil	15%	N/A
Construction Management	75%	N/A
Electrical	N/A	25%
HVAC	N/A	15%
Industrial	25%	N/A
Interior Design	N/A	50%
Landscape/Land Surveying	N/A	50%
Mechanical	N/A	25%
Soils/Testing Lab/Geotechnical	200%	N/A
Structural/Process	60%	N/A
Traffic	10%	N/A

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4. If the information necessary to compute the premium on the above basis is not readily available, the premium may be computed by use of data with respect to size of applicant's staff or number of dollars of construction values by converting the rates to such alternate basis. All available information that relates to the correlation of these basis shall be used.

**D. Deductibles (Applicable to Loss and **Claim Expenses**)**

1.

<u>Annual Billings</u>	<u>Standard Deductible</u>
Up to \$500,001	\$5,000
Up to \$750,001	\$7,500
Up to \$1,000,000	\$10,000

Scale: General Standard = 1% of Billings. Result rounded to nearest \$2,500

2. Alternate deductible credit/debit - premium credits/debits allowed for alternate deductibles range between \$.15 and \$.35 per \$1.00 on the difference between the base deductible and the alternated deductible amount, i.e.:

Alternate	\$20,000	
Base	\$10,000	
Difference	\$10,000	
Credit	x <u>\$.25</u>	
Premium	\$2,500	Credit

Deductible credits/debits are flat, calculated at base limit premium, and do not increase/decrease with any limit increase.

**E. Deductibles (Applicable to Loss Only)**

The Company may offer an option to have the deductible not apply to Claim Expenses for an additional premium subject to a maximum of 35% of the deductible amount, i.e., maximum charge of \$3,500 at a \$10,000 deductible.



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## Supporting Document Schedules

<b>Satisfied -Name:</b>	Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b>	Filed	02/11/2008
<b>Comments:</b>				
<b>Attachment:</b>	AR NAIC P&C Transmittal Document.pdf			

<b>Bypassed -Name:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	<b>Review Status:</b>	Filed	02/11/2008
<b>Bypass Reason:</b>	N/A			
<b>Comments:</b>				

<b>Bypassed -Name:</b>	NAIC loss cost data entry document	<b>Review Status:</b>	Filed	02/11/2008
<b>Bypass Reason:</b>	N/A			
<b>Comments:</b>				

<b>Satisfied -Name:</b>	Rate Comparison	<b>Review Status:</b>	Filed	02/11/2008
<b>Comments:</b>				
<b>Attachment:</b>	AE Rate Filing Comparison (11-07 to 1-05).pdf			

## Property &amp; Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

<b>3. Group Name</b>					<b>Group NAIC #</b>
<b>4. Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>	

<b>5. Company Tracking Number</b>	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

<b>6. Name and address</b>	<b>Title</b>	<b>Telephone #s</b>	<b>FAX #</b>	<b>e-mail</b>
<b>7. Signature of authorized filer</b>				
<b>8. Please print name of authorized filer</b>				

Filing information (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>				
<b>10. Sub-Type of Insurance (Sub-TOI)</b>				
<b>11. State Specific Product code(s)(if applicable)[See State Specific Requirements]</b>				
<b>12. Company Program Title (Marketing title)</b>				
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
<b>14. Effective Date(s) Requested</b>	New:		Renewal:	
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>16. Reference Organization (if applicable)</b>				
<b>17. Reference Organization # &amp; Title</b>				
<b>18. Company's Date of Filing</b>				
<b>19. Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

## Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
21.	Filing Description	[This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

[illegible]

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>				
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)				
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement Or withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
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☐ Rate Increase      ☐ Rate Decrease      ☐ Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5.</b>	<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>
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		COMPANY USE	STATE USE
<b>5a</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>9.</b>	<b>Rule # or Page # Submitted for Review</b>	<b>Replacement or withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01		[ ] New [ ] Replacement [ ] Withdrawn	
02		[ ] New [ ] Replacement [ ] Withdrawn	
03		[ ] New [ ] Replacement [ ] Withdrawn	

**NAVIGATORS INSURANCE COMPANY  
ARCHITECTS/ENGINEERS PROFESSIONAL LIABILITY COVERAGES  
GENERAL RULES**

I. APPLICATION OF MANUAL

This manual provides rules, rates, premiums, classifications, and territories for Professional Liability insurance for Architects and Engineers, Land Surveyors, Landscape Architects, Design/Build Firms, and miscellaneous design classifications.

II. POLICY TERM

Policies may be written for a term ~~of one year~~ up to two years plus odd term not to exceed three months, ~~and renewed annually thereafter.~~ If the original term is less than one year or greater than one year, the premium shall be prorated accordingly. For two year policies, the premium will be two times the annual premium for a single limit of insurance.

III. PREMIUM COMPUTATION

A. Compute the premium at policy inception using the rules, rates, and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates, and rating plans in effect.

B. Prorate the premium when a policy is issued for other than a whole year.

~~C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.~~

IV. WHOLE DOLLAR RULE

Where the result is not a whole dollar amount:

A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;

B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

V. ADDITIONAL PREMIUM CHARGES

A. Prorate or apply a separate premium charge for all changes requiring any additional premium.

B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Waive additional premium of \$15.00 or less. This waiver only applies to cash exchange due on an endorsement effective date.

**NAVIGATORS INSURANCE COMPANY  
ARCHITECTS/ENGINEERS PROFESSIONAL LIABILITY COVERAGES  
GENERAL RULES**

**VI. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the premium at the inception of the policy or endorsement period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when required for any coverage or exposure deletion or when an amount of insurance is reduced.

**VII. POLICY CANCELLATIONS**

- A. Compute return premium pro rata in accordance with the Whole Dollar Rule using the rules, rates, and rating plans in effect at the inception of this policy period, when:
  - 1. a policy is canceled at the Company's request;
  - 2. the Insured no longer has a financial or an insurable interest in operation that is the subject of insurance;
  - 3. a policy is canceled and rewritten in the same Company or Company group.
- B. If cancellation is for any other reason than stated in A. above, compute the return premium at .90 of the pro rata unearned premium for the one year period and round in accordance with the Whole Dollar Rule.
- C. If a policy is terminated for any reason other than non-payment of premium, one (1) year of Extended Reporting will be offered at 100% of the expiring annualized premium.

**VIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies issued with special restrictions or at increased premium will be permitted if:

- A. the Insured agrees in writing; or
- B. the policy would not be written otherwise.

**IX. COVERAGE OPTIONS**

**A. Project Insurance**

- 1. When a separate project policy is issued, a corresponding credit shall be allowed for adjustment in the total billings for the policy insuring the general practice of the same insured.
- 2.
  - a. Specific project excess limits within the first \$1,000,000 of limits shall be subject to a minimum premium of \$100 per \$100,000 of the amount of increased limit.
  - b. Specific project excess limits excess of the first \$1,000,000 of limits shall be subject to a minimum premium of \$2,500 per \$1,000,000 of increased limits.

**NAVIGATORS INSURANCE COMPANY  
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**B. Retroactive Coverage**

1. Subject to this Company's manual rules and underwriting guidelines, coverage may be extended to apply to acts happening prior to the inception date of the first policy issued by this company.

<u>Number of Years*</u>	<u>Factor Applied to Base Premium</u>
1	40%
2	70%
3	85%
4	95%
5	100%

\*Number of years, or portion thereof, prior to policy effective date.

**C. Practice Discontinuance, Retirement or "Run-Off" Coverage**

1. Coverage may be provided to retired professionals with respect to their prior acts.
2. Premium for such persons, who have been insured by this Company immediately prior to retirement, shall be as follows:

<u>Year</u>	<u>Premium</u>
1	90% of Final Year
2	75% of Final Year
3	60% of Final Year
4	50% of Final Year

3. Minimum annual policy premium shall be \$1,990.



**NAVIGATORS INSURANCE COMPANY  
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GENERAL RULES**

**X. BASE RATE ADJUSTMENTS**

**A. Project Debits**

<u>Project</u>	<u>Debit*</u>
Airport	Up to 25%
Amusement Rides/Amusement Parks/Waterslides	"
Bridges/Dams/Tunnels	"
Construction Values (excess of \$10,000,000)	"
Condominiums	"
Custom Single Family Dwellings	"
Educational Buildings	"
Equity Interest Projects	"
FHA or Other Subsidized Housing	"
Governmental	"
Hospitals/Medical	"
Hotels/Motels (High Rise)	"
Industrial	"
Jails/Prisons	"
Marine	"
Mass Transit	"
Parking Garages	"
Pipelines	"
Power Plants	"
Pre-Fabricated Buildings	"
Public Housing	"
Refineries	"
Religious	"
Sewage/Water Treatment Plants	"
Stadiums/Arenas	"
Swimming Pools/Playgrounds	"
Toxic or Hazardous Waste Systems	"
Utilities	"
*Maximum Aggregate Debit:	200%

**NAVIGATORS INSURANCE COMPANY  
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GENERAL RULES**

**B. Special Services Debits**

<u>Activity</u>	<u>Debit*</u>
Asbestos Related Services	Up to 100%
Construction, Fabrication, or Erection	"
Construction Observation, Inspection, or Certification Relative to Projects Designed by Others	"
Construction Supervising	"
Design of Scaffolding, Supporting, or Shoring	"
Environmental Audits, Assessments, or Site Surveys	"
Equipment Retrofitting	"
Hydrology/Water Studies	"
Machine, Equipment, or Product Design, Manufacture, Sale or Lease	"
Materials Testing/Handling	"
Percolation Testing	"
Pollution Control/Abatement Services	"
Precast, Prestressed, or Post-Tension Design	"
Real Estate Development	"
Rehabilitation/Restoration	"
Seismic Related Services	"
Site Design	"
Soils Analysis	"
Subsurface Soils Testing	"
Turnkey or Fast Track Projects or Design/Build	"
*Maximum Aggregate Debit:	200%

**C. Feasibility Study Credit**

If the applicant performs any feasibility studies, master plans, space planning, surveys, or reports not ultimately resulting in construction, a credit of 50% will be applied to the fees generated therefrom.

**D. Sublet or Subcontracted Work Credit**

If the applicant sublets or subcontracts any architectural, engineering, or surveying services and requires evidence of professional liability insurance, a credit of 50% will be applied to those billings related to sublet or subcontracted work.

**NAVIGATORS INSURANCE COMPANY  
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**E. Individual Risk Characteristics**

Internal loss control or loss prevention programs maintained within individual risks vary over a wide range. To reflect such diversities, the premiums may be modified based upon the following table to reflect individual risk characteristics:

<u>Individual Risk Characteristics</u>	Maximum	
	<u>Debit</u>	<u>Credit</u>
Qualification of Staff	10%	10%
Foreign Work	50%	50%
Internal Loss Prevention Program	N/A	25%
Contract Types	25%	25%
Other Insurance	10%	10%
Continuing Education	N/A	10%

**F. Individual Risk Rating Plan - Experience Modification**

The following ranges shall apply based on the number of years insured, the reliability of the claims data, the professional services rendered, prior work experience, claims frequency. Calculations for loss ratio shall be subject to a \$100,000 per claim maximum.

Loss Ratio			
<u>From</u>	<u>To</u>	<u>Debit</u>	<u>Credit</u>
0	10%	N/A	25%
11%	20%	N/A	20%
21%	30%	N/A	15%
31%	40%	N/A	10%
41%	50%	N/A	N/A
51%	60%	N/A	N/A
61%	70%	20%	N/A
71%	80%	30%	N/A
81%	90%	40%	N/A
91%	100%	50%	N/A
101%	Over	Up to 100%	N/A

**NAVIGATORS INSURANCE COMPANY  
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**XI. COVERAGE FOR FIRMS**

**A. Limits of ~~Liability Insurance~~**

1. Rates shown are for the minimum ~~limit. Minimum aggregate limit is \$1,000,000~~split limits offered.
2. Split Limits are available for those Insureds desiring both a per claim limit and a maximum aggregate limit. These limits are available for the following:

Limit		Additional Premium
Per Claim	Aggregate	
\$500,000	\$1,000,000	5%, subject \$250 minimum
\$1,000,000	\$2,000,000	5%, subject \$250 minimum
\$1,000,000	\$3,000,000	10%, subject \$500 minimum
\$1,000,000	\$4,000,000	15%, subject \$750 minimum
\$1,000,000	\$5,000,000	20%, subject \$1,000 minimum
\$2,000,000	\$3,000,000	5%, subject 250 minimum
\$2,000,000	\$4,000,000	10%, subject \$500 minimum
\$2,000,000	\$5,000,000	15%, subject \$750 minimum
\$3,000,000	\$4,000,000	5%, subject \$250 minimum
\$3,000,000	\$5,000,000	10%, subject \$500 minimum

**B. Minimum Premium**

The annual policy minimum premium ~~for Architects and Engineers~~ shall be ~~\$3,980 and \$7,9554,545~~ for Design/Build risks and \$2,275 for all other design classifications for the \$100,000/\$100,000 base limit of insurance. Minimum premiums of \$5,000 for Design/Build risks and \$2,500 for all other design classifications shall apply per \$1,000,000 of insurance for Per Claim Limits of Insurance greater than \$1,000,000.

**C. Premium Calculation**

1. The annual rates shown in the Basic Scale Rate section shall be applied to the annual ~~gross~~ billings of the Insured. Fluctuations in billings may be averaged for the periods listed in the application.
2. Premiums for Insureds having gross billings of ~~less than \$5,000,000~~ or less shall be rated in accordance with the following:

**Basic Scale Rates**

The following rates contemplate a ~~\$500~~100,000 per claim/aggregate base limit of ~~liability insurance~~ subject to the base deductible. Scale rates will be applied to each \$100 of the applicant's ~~gross fees~~ratable billings.

Policy Limit	Increased Limits Factors
<u>\$100,000</u>	
<del>\$500</del> <u>250,000</u>	<u>1.050</u>
<del>\$750</del> <u>500,000</u>	<u>1.4475</u>
<del>\$1,000</del> <u>750,000</u>	<u>1.262.00</u>
<del>\$21,000,000</del>	<u>1.702.20</u>

\$ <del>32</del> ,000,000	<u>1.89</u> <u>2.97</u>
\$ <del>43</del> ,000,000	<u>2.07</u> <u>3.30</u>
\$ <del>54</del> ,000,000	<u>2.26</u> <u>3.63</u>
<u>\$5,000,000</u>	<u>3.96</u>

**NAVIGATORS INSURANCE COMPANY  
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Gross Fees

	Additional Fees		Total Fees	Rate	Additional Premium	Total Premium
	<u>Fees</u>	<u>Up To</u>	<u>\$100,000 Total Fees</u>	<u>\$1.75 Rate</u>	<u>Premium</u>	<u>\$1,750 Premium</u>
<u>Next</u>	<u>\$150,000</u>	<u>Up To</u>	<u>\$250,000</u>	<u>\$1.31</u>	<u>\$1,525</u>	<u>\$3,275</u>
<u>Next</u>	<u>\$250,000</u>	<u>Up To</u>	<u>\$500,000</u>	<u>\$1.050</u>	<u>\$1,9750</u>	<u>\$5,250\$1,000</u>
<u>Next</u>	<u>\$300,000</u>	<u>Up To</u>	<u>\$800,000</u>	<u>\$0.8875</u>	<u>\$1,790125</u>	<u>\$7,040\$2,125</u>
<u>Next</u>	<u>\$200,000</u>	<u>Up To</u>	<u>\$1,000,000</u>	<u>\$0.7960</u>	<u>\$8601,500</u>	<u>\$7,900\$3,625</u>
<u>Next</u>	<u>\$1,000,000</u>	<u>Up To</u>	<u>\$2,000,000</u>	<u>\$0.7050</u>	<u>\$6,100\$1,500</u>	<u>\$14,000\$5,125</u>
<u>Next</u>	<u>\$1,000,000</u>	<u>Up To</u>	<u>\$3,000,000</u>	<u>\$0.6145</u>	<u>\$4,300\$900</u>	<u>\$18,300\$6,025</u>
<u>Next</u>	<u>\$2,000,000</u>	<u>Up To</u>	<u>\$5,000,000</u>	<u>\$0.4440</u>	<u>\$3,700\$4,000</u>	<u>\$22,000\$10,025</u>
<u>Next</u>	<u>\$1,000,000</u>	<u>Up To</u>	<u>\$3,000,000</u>	<u>\$0.35</u>	<u>\$3,500</u>	<u>\$13,525</u>
<u>Next</u>	<u>\$2,000,000</u>	<u>Up To</u>	<u>\$5,000,000</u>	<u>\$0.25</u>	<u>\$5,000</u>	<u>\$18,525</u>

Amounts excess of \$5,000,000 are on a submit basis only and are subject to (a) rating

3. Discipline Debits/Credits

Multi-discipline applicants will be composite rated based on percentage of fees by discipline.

Discipline	Debit	Credit
Architecture	N/A	N/A
Civil	15%	N/A
Construction Management	75%	N/A
Electrical	N/A	25%
HVAC	N/A	15%
Industrial	25%	N/A
Interior Design	N/A	50%
Landscape/Land Surveying	N/A	50%
Mechanical	N/A	25%
Soils/Testing Lab/Geotechnical	200%	N/A
Structural/Process	60%	N/A
Traffic	10%	N/A

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4. If the information necessary to compute the premium on the above basis is not readily available, the premium may be computed by use of data with respect to size of applicant's staff or number of dollars of construction values by converting the rates to such alternate basis. All available information that relates to the correlation of these ~~bases~~basis shall be used.

**D. Deductibles (Applicable to Loss and **Claim Expenses**)**

1.

<u>Gross Receipts</u> <u>Annual Billings</u>	<u>Standard Deductible</u>
Up to \$500,001	\$5,000
Up to \$750,001	\$7,500
Up to \$1,000,000	\$10,000

Scale: General Standard = 1% of Billings. Result rounded to nearest \$2,500

2. Alternate deductible credit/debit - premium credits/debits allowed for alternate deductibles range between \$.15 and \$.35 per \$1.00 on the difference between the base deductible and the alternated deductible amount, i.e.:

Alternate	\$20,000	
Base	\$10,000	
Difference	\$10,000	
Credit	x <u>\$.25</u>	
Premium	\$2,500	Credit

Deductible credits/debits are flat, calculated at base limit premium, and do not increase/decrease with any limit increase.

**E. Deductibles (Applicable to Loss Only)**

The Company may offer an option to have the deductible not apply to Claim Expenses for an additional premium subject to a maximum of 35% of the deductible amount, i.e., maximum charge of \$3,500 at a \$10,000 deductible.